

Message Text

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ACTION EB-08

INFO OCT-01 ARA-10 EUR-12 IO-13 ISO-00 STRE-00 AGRE-00

CIAE-00 COME-00 INR-10 LAB-04 NSAE-00 SP-02

STR-07 TRSE-00 FRB-03 OMB-01 SS-15 L-03 JUSE-00

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DEPT PASS ALL ARA DIPLOMATIC POSTS; PASS STR ELECTRONICALLY

E.O. 11652: N/A

TAGS: ETRD, EGEN, XM, OAS

SUBJECT: OAS-SCCN MEETING: GSP - DISCUSSION AND RESOLUTION

REF SANTO DOMINGO 2296

SUMMARY: VIII REGULAR MEETING OF SPECIAL COMMITTEE FOR CONSULTATION AND NEGOTIATION ON APRIL 28 UNANIMOUSLY ADOPTED RESOLUTION CALLING FOR MEETING OF GOVERNMENT EXPERTS OF THE MEMBER COUNTRIES IN OCTOBER 1978 "...TO EVALUATE AND ANALYZE THE POSITIVE AND NEGATIVE ELEMENTS DEMONSTRATED BY THE EXPERIENCE OF THE PERIOD DURING WHICH THE GSP HAS BEEN IN OPERATION, IN ORDER TO PREPARE A TECHNICAL DOCUMENT FOR CONSIDERATION AT A SPECIAL MEETING OF SCCN TO BE HELD DURING THE PRESENT YEAR." OF FIVE RESOLUTIONS ADOPTED, THIS WAS ONLY ONE WE COULD SUPPORT, AND THUS PROVIDED MOST POSITIVE ACCOMPLISHMENT OF MEETING. END SUMMARY.

1. FOLLOWING FORCEFUL REFUTATION BY US DEL OF ALLEGATION BY SEVERAL LATIN DELEGATES THAT GSP PROCEDURES AND REGULATIONS
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CONSTITUTED NEW NTB, CHILE'S DELEGATION (OAS AMBASSADOR OYARZUN AND J. GABRIEL PALMA, COMMERCIAL ATTACHE IN NEW YORK) NEXT DAY (APRIL 27) PRESENTED US DEL WITH DRAFT OF RESOLUTION ON GSP AGENDA ITEM. DRAFT WAS SURPRISINGLY MODERATE IN TONE CONSIDERING SPEECHES OF PREVIOUS SESSIONS AND US DEL UNDERTOOK TO CONSULT INFORMALLY WITH CHILEANS.

2. US DEL POINTED OUT THREE BASIC PROBLEMS WITH CHILEAN DRAFT. FIRST, IT STILL CONTAINED UNREASONABLE CRITICISMS OF PRESENT GSP PROGRAM, SECOND, IT INCLUDED LIST OF PROBLEMS FOR STUDY WHICH US DEL HAD INDICATED IN PREVIOUS SESSIONS WOULD REQUIRE CONGRESSIONAL APPROVAL FOR CHANGE (E.G. COMPETITIVE NEED, OPEC EXCLUSION); THIRD IT CALLED FOR TECHNICAL GROUP TO MEET WITHIN THREE MONTHS AND ISSUE REPORT ON AND RECOMMENDATIONS FOR US GSP PROGRAM. US DEL ADVISED CHILEANS TO TRYHAND AT MORE GENERAL AND BALANCED TEXT.

3. BY EARLY APRIL 28, PALMA HAD DRAFTED RESOLUTION TAKING INTO ACCOUNT US SUGGESTIONS AND HAD LINED UP SUBSTANTIAL LATIN SUPPORT FOR MODERATE APPROACH. LATIN GROUP CAUCUSED AND CHILEANS CONSULTED CLOSELY WITH US DEL DURING THE DAY. ALTHOUGH THERE WAS SOME PESSIMISM THAT CHILEANS WOULD BE ABLE TO BRING ALL LATINS ALONG, BY 8:00 PM DRAFT HAD ENOUGH SUPPORT TO PRESENT TO PLENARY. IN SUPPORTING THE RESOLUTION, DAS ARELLANO NOTED ITS BALANCE AND EXPRESSED HOPE THAT SCCN WILL BEGIN SIGNIFICANT NEW FORMAT FOR TRUE CONSULTATION RATHER THAN CONFRONTATIONAL RHETORIC ON GSP. AFTER ADOPTION JAMAICA AND ARGENTINA NOTED THEIR DISSATISFACTION AT BEING EXCLUDED FROM INFORMAL CONSULTATION AND DISAPPOINTMENT AT LACK OF CALL FOR RECOMMENDATIONS AND SPECIFIC AGENDA ITEMS.

4. THROUGHOUT CONSULTATION IT BECAME QUITE CLEAR THAT LATIN DRAFTING GROUP, HEADED BY PALMA MADE EVERY EFFORT TO AVOID LIMITED OFFICIAL USE

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ANOTHER HIGHLY CRITICAL BUENOS AIRES TYPE DOCUMENT ON GSP ISSUE. TEXT OF RESOLUTION IS AS FOLLOWS:

"WHEREAS:

1. AFTER TWO YEARS OF OPERATION OF THE UNITED STATES GSP, SOME ADVANTAGES HAVE BEEN GAINED FOR THE TRADE OF VARIOUS LATIN AMERICAN AND CARIBBEAN COUNTRIES BENEFICIARIES OF THE SYSTEM, NEVERTHELESS, THERE ARE YET GREATER POSSIBILITIES FOR USING THE POTENTIAL MARGIN OF THE SYSTEM.

2. THE SPIRIT IN WHICH THE GSP WAS CREATED WAS THAT OF ALLOWING THE DEVELOPING COUNTRIES TO OFFSET IN PART THE COMPETITIVE DISADVANTAGES THEY FACE IN INCREASING AND DIVERSIFYING THEIR EXPORTS.

3. THE MECHANISMS FOR CONSULTATION TO HELP IMPROVE THE CURRENT SYSTEM HAVE NOT OPERATED AS EXPECTED.

4. OVER THE LAST TWO YEARS, THE PROCEDURE OF WRITTEN EVALUATIONS, DOCUMENTS AND PROPOSALS HAS NOT ACHIEVED THE OBJECTIVES SOUGHT.

RESOLVED: TO HOLD A MEETING OF GOVERNMENT EXPERTS OF THE MEMBER COUNTRIES OF SCCN IN WASHINGTON 1 OCTOBER 1978, TO EVALUATE AND ANALYZE THE POSITIVE AND NEGATIVE ELEMENTS DEMONSTRATED BY THE EXPERIENCE OF THE PERIOD DURING WHICH THE GSP HAS BEEN IN OPERATION, IN ORDER TO PREPARE A TECHNICAL DOCUMENT FOR CONSIDERATION AT A SPECIAL MEETING OF SCCN TO BE HELD DURING THE PRESENT YEAR."

YOST

NOTE BY OC/T: NOT PASSED ALL ARA DIPLOMATIC POSTS.

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